

## ANNUAL FINANCIAL MANAGEMENT SELF ASSESSMENT PROGRAM PLAN 2007

### **Purpose**

The Financial Management Self Assessment Program is designed to fulfill two main objectives:

- Provide reasonable assurance that financial management activities are in compliance with regulatory, contractual, and LBNL financial management policy requirements and
- Identify, resolve, and monitor to completion both financial compliance issues and opportunities for improvement.

### **Minimum Standards**

As a minimum standard, individual self-assessment project plans will describe:

- Justification for selecting the specific policy and/or subject area
- Scope
- Assessment methodology
- Roles and responsibilities
- Finding identification, reporting, and tracking
- Corrective action implementation

Individual Self Assessment Project Plans will fulfill Appendix B, 1.2.c, *Internal Controls Self Assessment* measure. The plan will be provided to the DOE-BSO for review and concurrence for future deployment to be completed this fiscal year. Any changes to the plans will be submitted to and approved by the DOE-BSO.

### **Selection Criteria**

One or more of the following criteria will be considered in identifying subject areas for assessments of compliance with policies, procedures, and practices:

- High risk (refer to Appendix A)
- Field staff performs transactional work without Central Office oversight
- Policy due for review
- Internal Audit has not recently reviewed or plans to conduct a specific review in the 2007 year (elimination of duplication of effort)



- Allowability issues are reviewed yearly by Internal Audit
- Senior Management concern

Selection of the sampling parameters and resulting methodology will be based on judgment and knowledge of the subject matter.

The sampling techniques that will be used for the self assessments will be:

- Qualitative
- Statistical
  - Attribute – To determine the rate or proportion of errors in the records or to obtain assurance that an error rate is not excessive
  - Variable – To estimate a dollar impact
- Random
- Non-transaction based policy or subject matter evaluation

### Reporting

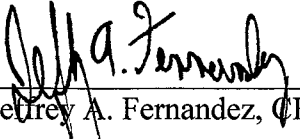
Assessments and related results will be planned, performed, and reported by Office of the Chief Financial Officer's Financial Policy and Training Office (FPTO). Assessments prepared by Divisional Staff will be validated by FPTO or Office of Institutional Assurance. Divisions will enter and manage respective corrective actions into CATS. FPTO will enter and manage corrective actions with Lab-wide applicability. Each self assessment report will be submitted by the CFO to the DOE BSO for concurrence. All files will be maintained by the FPTO.


### Training

FPTO will conduct financial policy training classes to facilitate a better understanding of Laboratory policies. FTPO and OCA will conduct a Financial Management Self-Assessment training class for parties participating in self-assessments.

Submitted by:

Concurrence by:

 11/21/06  
Jeffrey A. Fernandez, CFO

 11/27/06  
Douglas Low, DOE BSO

Attachment: Appendix A

## Risk Level Definitions

Risk Level	Description
<b>High</b>	<p>A high risk has potential to result in:</p> <ul style="list-style-type: none"> <li>• Material deficiency in controls to the Lab or major operating entity.</li> <li>• High probability issue could result in media or public attention due to the significance of the control deficiency or areas being audited.</li> <li>• Non-compliance with a federal or state regulation/law or DOE/Lab/University policy that is considered a “hot” issue or could result in loss of significant funding and/or significant fines, penalties, or sanctions.</li> <li>• Identified during an investigation and requires immediate corrective action to protect Lab resources and reputation.</li> <li>• Control deficiency or operational problem that if not corrected could have material financial implications on the Lab or major operating entity.</li> <li>• Health and safety of the public, staff, faculty, and guests could be impacted.</li> <li>• Significant operational opportunities could be lost due to administrative or control issues.</li> <li>• Material deficiency in an information system that impacts accuracy, availability, timeliness, and/or usefulness of information critical to the functioning of the Lab or a major operating entity.</li> </ul>
<b>Medium</b>	<p>A medium risk is a significant deviation from good practice or Lab policy, has the potential to result in:</p> <ul style="list-style-type: none"> <li>• Significant deficiency in internal control system of the program, function, or department.</li> <li>• Involves systems, processes, or procedures that impact accurate reporting of University revenues and expenses for the department and program being audited</li> <li>• Non-compliance with important DOE/Lab/University policy or federal or state law.</li> <li>• Identified in program or department that receives significant financial support from federal, state, or private sources.</li> <li>• Material deficiency in an information system that impacts accuracy, availability, timeliness, and/or usefulness of information necessary for the functioning of the program, function, or department.</li> </ul>
<b>Low</b>	<p>A low risk is a minor deviation or slow implementation from Lab policy, has the potential to result in:</p> <ul style="list-style-type: none"> <li>• Non-compliance with policy that is considered minor but should be reported to management.</li> <li>• Minor deficiency to the internal control system of the program, system, or department</li> </ul>